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Securities identification code: 2120  
November 22, 2018

To our shareholders:

Takashi Inoue  
Representative Director  
**LIFULL Co., Ltd.**  
1-4-4 Kojimachi, Chiyoda-ku, Tokyo

## **NOTICE OF THE 24TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 24th Ordinary General Meeting of Shareholders of LIFULL Co., Ltd. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you can vote on the proposals through one of the following methods. Therefore, we ask that you please review the attached Reference Documents for the General Meeting of Shareholders and then place your votes.

If you wish to vote in writing:

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it by postal mail to reach us no later than 5:00 p.m., Friday, December 7, 2018 (Japan Standard Time).

If you wish to vote over the Internet:

Please access the voting website designated by the Company (<https://www.web54.net>) and use “the voting code” and “password” you will find on the enclosed voting form. After this, please indicate your approval or disapproval of the proposals in accordance with the on-screen instructions no later than 5:00 p.m., Friday, December 7, 2018 (Japan Standard Time).

We ask that you please check “Information on Exercise of Voting Rights” when you vote over the Internet (Japanese only).

**1. Date and Time:** Monday, December 10, 2018 at 10:00 a.m. (Japan Standard Time)  
(Reception opens at 9:00 a.m.)

**2. Venue:** 8F the Company's Conference Room  
1-4-4 Kojimachi, Chiyoda-ku, Tokyo

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 24th Term (from October 1, 2017 to September 30, 2018), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 24th Term (from October 1, 2017 to September 30, 2018)

**Items to be resolved:**

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Election of four (4) Directors
- Proposal 3:** Amendments of terms for the issue of common shares

**4. Information on Exercise of Voting Rights:**

Please refer to "Information on Exercise of Voting Rights" (Japanese only).

**5. Decisions on the convocation of the meeting:**

- (1) If you vote multiple times over the Internet, we shall treat your final vote as the valid one.
- (2) If you vote with overlapping methods in writing and over the Internet, we will treat your vote over the Internet as the valid one.
- (3) If you wish to use your voting rights to vote both in approval and disapproval of a proposal, please inform us of your intention to do so and the reason for this no later than three days prior to the day of the General Meeting of Shareholders.

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of surplus

The Company considers one of our important management policies to be the substantial return of profit to our shareholders while focusing on “investment for future growth” with the aim of continuously increasing profit and on our “internal reserves” to enhance and strengthen our financial structure by actively promoting business development.

The Company’s basic policy in regards to dividends is to distribute results flexibly according to our performance in each fiscal year while taking into account our mid-to-long term business plan and other considerations.

The Company aims for a dividend payout ratio of 25% of profit attributable to the owners of our parent company in regards to year-end dividends for the fiscal year under review. We propose to round off to the second decimal place to even more accurately calculate the dividend payout ratio of 25% in regards to the calculation of the dividend per share.

### Year-end dividends

In light of business results for the fiscal year under review and based on the policy above, the Company proposes to pay a year-end dividend for the fiscal year as follows:

Type of dividend property	Cash
Allotment of dividend property and their aggregate amount	¥6.02 per common share of the Company Total dividends: ¥714,666,491
Effective date of dividends of surplus	December 11, 2018

**Proposal 2:** Election of four (4) Directors

At the conclusion of this meeting, the terms of office of all six currently serving Directors will expire. Therefore, the Company proposes the election of four Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibility in the Company	
1	Takashi Inoue	Representative Director, President and Managing Officer, General Manager of LIFULL HOME'S Division and Rural Japan Revitalization Promotion Division	Reelection
2	Takashi Yamada	Director, Managing Officer, General Manager of LIFULL Technology Platform Department and AI Strategy Office	Reelection
3	Masato Takahashi	Outside Director	Reelection Candidate for outside Director
4	Yoshihisa Yamada	Outside Director	Reelection Candidate for outside Director

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Takashi Inoue (November 23, 1968)  Reelection	<p>Apr. 1991    Joined Recruit Cosmos Co., Ltd. (currently Cosmos Initia Co., Ltd.)</p> <p>Apr. 1992    Transferred to Recruit Co., Ltd.</p> <p>July 1995    Founded Next Home Co.</p> <p>Mar. 1997    Established the Company, Representative Director</p> <p>Mar. 2014    Representative Director of Next Wisdom Foundation (current position)</p> <p>Nov. 2014    Chairperson of Trovit Search, S.L. (current position)</p> <p>Feb. 2016    Director of Japan Association of New Economy (current position)</p> <p>Oct. 2018    Representative Director, President and Managing Officer, General Manager of LIFULL HOME'S Division and Rural Japan Revitalization Promotion Division (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Representative Director of Next Wisdom Foundation</p> <p>Chairperson of Trovit Search, S.L.</p>	32,941,000 shares
<p>Reasons for nomination as candidate for Director</p> <p>Takashi Inoue is the founder of the Company. He has served as CEO since founding the Company. He plays an important role in the growth of the Group by demonstrating strong leadership in determining and implementing management policies and business strategies with his extensive experience and knowledge on the real estate industry and Internet services. The Company proposes his election as Director because we judge that we can expect him to continue contributing to the sustainable improvement in the corporate value of the Company in the future.</p>			
2	Takashi Yamada (October 16, 1973)  Reelection	<p>Apr. 1992    Joined Bab-Hitachi Business Corporation</p> <p>Jan. 1996    Joined Eto Soft Office Ltd.</p> <p>Mar. 2000    Joined the Company</p> <p>Apr. 2010    Managing Officer, Deputy General Manager of HOME'S Business Department and General Manager of Product Development Department</p> <p>Apr. 2014    Managing Officer and General Manager of HOME'S Business Department</p> <p>June 2014    Director, Managing Officer and General Manager of HOME'S Business Department</p> <p>Apr. 2017    Director, Managing Officer, General Manager of LIFULL HOME'S Division and Technology Platform Department</p> <p>Oct. 2018    Director, Managing Officer, General Manager of LIFULL Technology Platform Department and AI Strategy Office (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Authorized Representative of LIFULL TECH VIETNAM COMPANY LIMITED</p>	160,200 shares
<p>Reasons for nomination as candidate for Director</p> <p>Takashi Yamada has been involved in the development of our in-house services as a systems engineer since he joined the Company in March 2000. Currently, he oversees the Company's major departments, the LIFULL Technology Platform Department and AI Strategy Office, as General Manager. The Company proposes his election as Director because we judge that we can expect him to continue contributing to the sustainable improvement in the corporate value of the Company in the future.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Masato Takahashi (April 24, 1959)  Reelection Outside	Apr. 1982      Joined Recruit Co., Ltd. Sept. 2007      Joined Rakuten, Inc. Oct. 2011      Managing Executive Officer Feb. 2012      Representative Director and President of Rakuten Shigoto Shokai, Inc. June 2013      Outside Director of the Company (current position) Dec. 2014      Representative Director and President of Rakuten Auction, Inc. June 2018      Outside Director of Fringe81 Co., Ltd. (current position) Outside Director of WATABE WEDDING CORPORATION (current position)	– shares
		Reasons for nomination as candidate for outside Director Masato Takahashi worked at Recruit Co., Ltd. for many years, so he has a wealth of experience in the real estate information business as well as achievements in B-to-C and rich knowledge in the e-commerce field. The Company proposes his election as outside Director because we would like to make maximum use of his advice and recommendations based on his abundant insight to achieve our management strategies.	
4	Yoshihisa Yamada (April 17, 1964)  Reelection Outside	Apr. 1987      Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) Sept. 1999      Joined Goldman Sachs Japan Co., Ltd. Feb. 2000      Managing Director of Rakuten, Inc. Mar. 2004      Representative Director and President of Rakuten Travel Inc. Aug. 2010      Managing Executive Officer of Rakuten, Inc. Representative Director and President of bitWallet Inc. (currently Rakuten Edy Inc.) Mar. 2013      Chief Financial Officer of Rakuten, Inc. Jan. 2014      Chief Financial Officer and Executive Vice President of Rakuten, Inc. June 2017      Outside Director of the Company (current position) Nov. 2017      Representative Director of Rakuten Communications Corp. (current position) Jan. 2018      Representative Director and President of Rakuten Mobile Network, Inc. (current position) Apr. 2018      Executive Vice President of Rakuten, Inc. (current position)	– shares
		Reasons for nomination as candidate for outside Director Yoshihisa Yamada worked in financial industry for many years and serves as representative director, director, and executive officer at Rakuten, Inc. and its group companies. The Company proposes his election as outside Director because we would like to make maximum use of his wealth of insight as a company manager to achieve our management strategies.	

- Notes: 1. The following have relationships of special interest in the Company among the candidates for Director.
- Candidate for Director Takashi Inoue concurrently holds the position of Commissioner of PT. LIFULL Media Indonesia. This firm and the Company have a substantial competitive relationship.
- Candidate for Director Yoshihisa Yamada is the Executive Vice President of Rakuten, Inc. which owns 23,797,100 shares in the Company (20.03% of all issued shares in the Company). The Company has a business relationship mainly concerning orders for advertising and publicity with this firm and firms in its group.
2. There is no special interest between any other candidates for Director and the Company.
3. Candidates for Director Masato Takahashi and Yoshihisa Yamada are candidates for outside Director.
4. Masato Takahashi and Yoshihisa Yamada are currently outside Directors of the Company, and their terms of office as outside Directors will have been five years and six months, and one year and six months, respectively, at the conclusion of this meeting.

5. The Company's Articles of Incorporation stipulate that the Company may enter into a limited liability agreement which limits liability for damages prescribed in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, and the Company has entered into limited liability agreements with Masato Takahashi and Yoshihisa Yamada. Pursuant to this agreement, the defined maximum amount of liability for damages, if they have acted in good faith and without gross negligence in performing their duties, is the minimum liability amount provided for under Article 425, paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to continue said limited liability agreements with them.

**Proposal 3:** Amendments of terms for the issue of common shares

In this proposal, the Company requests shareholders' approval to partially amend the description of the in-kind contribution in the subscription requirements included in the proposal to issue common shares of the Company in association with stock consideration that was approved at the extraordinary meeting of shareholders on June 28, 2018 (the "Extraordinary Shareholders Meeting Approved Proposal").

**1. Outline of subscription**

1. Type of shares for subscription	Company common shares
2. Maximum number of shares for subscription	18,514,334 shares (the number of shares for subscription will be the number that is set by the Company's Board of Directors as the sum of the Company common shares that will be received by each Mitula Group Limited ("Mitula") shareholder who will be receiving the Company common shares (the "Allottee Target Company Shareholder") pursuant to a scheme of arrangement (the "Scheme of Arrangement") for the Transaction (defined below))
3. Minimum amount to be paid-in per share	JPY 1 (the Company's Board of Directors will set the amount to be paid-in per share to be the "value of the in-kind contribution" <i>divided by</i> the "number of shares for subscription" (rounded down to the nearest whole number))
4. Total amount to be paid-in	The "amount to be paid-in per share" <i>multiplied by</i> the "number of shares for subscription"
5. Method for contributing non-monetary property	The subject of the contribution will be Mitula common shares (the "Target Company Shares"), a non-monetary property.

6. Description of the in-kind contribution	<p>The in-kind contribution are the number of the Target Company Shares that is equal to the “number of shares for subscription” <i>divided by</i> 0.084336 <i>multiplied by</i> the Stock Consideration Ratio (defined below) (the “In-kind Contribution Target Company Shares”).</p> <p>“Stock Consideration Ratio” will be the greater amount calculated based on the formula (a) or (b) below:</p> $\text{(a) Stock Consideration Ratio} = \frac{\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336}{\text{AUD 0.80}}$ $\text{(b) Stock Consideration Ratio} = \frac{\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336}{(\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336) + (\text{AUD 10 million} \div \text{the total number of Stock Consideration Mitula Shares})}$ <p>The “Amended Company Share Valuation for Allotment Ratio Adjustment” means the volume weighted average price (the VWAP will be calculated on price of shares published by the Tokyo Stock Exchange on each respective trading day, except on trades where Mitula and the Company can reasonably agree that the published price does not reflect the fair market price of the shares, in which case the TSE price of that particular day will be disregarded in the calculations. In addition, if the Company shares are received by Allottee Target Company Shareholder after the so-called right vesting date of the Company shares, VWAP of each trading day preceding the ex dividend date will be downward adjusted to reflect such as the expected dividend amount at that point of time) of the Company common shares on the Tokyo Stock Exchange for each of the 10 trading days preceding December 7, 2018 that is a weighted average of the amount converted to Australian dollars based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on each of such trading days.</p> <p>Further, “the total number of Stock Consideration Mitula Shares” is the total number of Mitula shares owned by Allottee Target Company Shareholder that are subject to the scrip consideration pursuant to the Scheme Arrangement.</p>
7. Value of the in-kind contribution	<p>The closing price (AUD) of the Target Company Shares on the Australian Securities Exchange on the final trading day (the “Value Determination Date”) (if there is no closing price on said day, the immediately preceding closing price) <i>multiplied by</i> the number of the In-kind Contribution Target Company Shares, converted into Japanese Yen based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on the Value Determination Date</p>

8. Amount of increase in stated capital and capital surplus	The amount of increase in the stated capital will be 50% of the maximum amount of increase in stated capital, etc. that is calculated according to Article 14(1) of the Corporate Accounting Rules, and any amount less than JPY 1 that result from the calculation will be rounded up. The amount of increase in the capital surplus will be the amount equal to such maximum amount of increase in stated capital, etc. <i>subtracted by</i> the amount of increase in the stated capital.
9. Subscription method	Upon the satisfaction of certain conditions, the Company will acquire all of the Target Company Shares through the scheme of arrangement procedure under the Corporations Act of Australia, the law under which Mitula was incorporated (the “Transaction”). Under the Scheme of Arrangement, the Company will issue the Company common shares as consideration for acquiring the In-kind Contribution Target Company Shares owned by the Allottee Target Company Shareholders.
10. Date or period when the in-kind contribution will be provided	The date decided by the Company’s Board of Directors as the implementation date of the Scheme of Arrangement
11. Other matters	Each of the items above will be subject to the Scheme of Arrangement being approved by a meeting of Mitula shareholders and an Australian court, etc.
12. Delegation of determination	All matters required for the subscription requirements regarding the shares for subscription (other than the matters set forth above) will be determined by a resolution of the Company’s Board of Directors.

The Company, with regard to the transaction to acquire all outstanding shares (“Mitula Shares”) of Mitula Group Limited, a company organized under the Corporations Act of Australia (the “Australian Corporations Act”) and listed on the Australian Securities Exchange, and to make Mitula a wholly-owned subsidiary of the Company (the “Acquisition”) by means of the scheme of arrangement under the Australian Corporations Act as published in the “Announcement of the Agreement for Commencement of Friendly Acquisition of 100% Ownership of Mitula Group Limited and the Decision to Hold a Special Meeting of Shareholders” dated May 9, 2018 (the “May 9 Publication”), entered into a deed (the “Second SID Amending Deed”) on November 19, 2018, to amend the scheme implementation deed (the “SID”), which was entered into on May 9, 2018 for the implementation of the Acquisition (as amended by the deed entitled ‘SID Amending Deed’ dated 22 October 2018 published in the “Announcement concerning Amendment to Deed of Implementation of Friendly Acquisition of 100% Ownership of Mitula Group Limited” dated October 22, 2018 (the “October 22 Publication”)), in order to, subject to satisfaction of certain conditions, pay certain additional cash consideration to Mitula shareholders who will receive the Company common shares (the “Stock Consideration”) as a part of consideration of the Acquisition.

The terms agreed in the Second SID Amending Deed are that if certain conditions such as the Company’s Stock Consideration Value (defined below) is lower than AUD 0.80 (the “Conditions for Amendment”, in terms of the detail of which, please refer to “2. Background of the Latest Amendment” below) are satisfied, the Company will pay additional cash to the Mitula shareholders who will receive the Stock Consideration in the amount equal to the difference between the Stock Consideration Value and AUD 0.80 (provided that the total amount shall not exceed AUD 10 million) (the “Cash Top-Up”). If such payments are made, it is necessary to partially amend the description of the in-kind contribution in the Material Terms of Issue for the Company’s common shares concerning the Stock Consideration included in the Extraordinary Shareholders Meeting Approved Proposal since certain Mitula Shares will be acquired in exchange for such payments. Therefore, at the board of directors meeting held on November 19, 2018, the Company passed a resolution to submit the proposal (the “Proposal for Amendment”) to the annual meeting of shareholders of the Company, to amend the subscription requirements that were already approved to the subscription requirements of the Company common shares necessary to implement the terms agreed in the Second SID Amending Deed.

Treating the Proposal for Amendment as a proposal involving a favorable issue in the same way as the Extraordinary Shareholders Meeting Approved Proposal was treated, the Company requests shareholders’ approval of the Proposal for Amendment, which will have the effect of a special resolution. The Company’s Board of Directors has passed a resolution to recommend shareholders of the Company to give their approval

for the Proposal for Amendment. Additionally, Takashi Inoue, President and Representative Director of the Company has announced to Mitula his intention to cast a vote of approval for the Proposal for Amendment for the Company shares owned by himself.

If the Conditions for Amendment are not satisfied on the date of the Company's annual meeting of shareholders, the Proposal for Amendment will be withdrawn and if the Acquisition is implemented, the Company will issue the Company common shares as the Stock Consideration for the Acquisition pursuant to the subscription requirements that were already approved at the extraordinary shareholders meeting. If the Proposal for Amendment is denied at the Company's annual meeting of shareholders, the Extraordinary Shareholders Meeting Approved Proposal will not be amended and, if the Acquisition is implemented, the Company will issue the Company common shares as the Stock Consideration for the Acquisition pursuant to the subscription requirements that were already approved at the extraordinary shareholders meeting.

## **2. Background of the execution of the Second SID Amending Deed and its contents**

While the subscription requirements of the Company common shares concerning the Stock Consideration in accordance with the original SID has been approved by the extraordinary meeting of shareholders on June 28, 2018 and determination of which have been delegated to the board of directors of the Company, the Company was strongly requested by Mitula to pay certain additional cash consideration to Mitula shareholders who will receive the Stock Consideration in the event the Company's stock price declines in the future and taking the fluctuation of the Company's stock price after such approval into consideration. The Company made a comprehensive judgment, and mainly taking the following into consideration, and executed the Second SID Amending Deed by which certain additional cash consideration will be paid with respect to the Stock Consideration in certain circumstances.

- In view of the Company's overseas strategy, it is important that approval at Mitula shareholders meeting, which is required for the Acquisition, is facilitated and the Acquisition is completed quickly, thus enabling the Company to embark as soon as possible on the early realization of synergies from the integrated operation of Mitula and Trovit Search S.L., which is a subsidiary of the Company.
- The Second SID Amending Deed is for the Company to pay certain additional cash consideration of up to AUD 10 million with respect to the Stock Consideration only in certain circumstances, and it does not further dilute the Company shares.
- The Second SID Amending Deed is not for the Company to make any changes to the cash Consideration of AUD 0.80 per Mitula Share or to the price of Stock Consideration of AUD 0.85.

The summary of the Cash Top Up and the Conditions for Amendment agreed in the Second SID Amending Deed are as follows:

- The period used to calculate the "Company Share Valuation for Allotment Ratio Adjustment" (that means the volume weighted average price (the VWAP will be calculated on price of shares published by the Tokyo Stock Exchange on each respective trading day, except on trades where Mitula and the Company can reasonably agree that the published price does not reflect the fair market price of the shares, in which case the Tokyo Stock Exchange price of that particular day will be disregarded in the calculations. In addition, if the Company shares are received by Mitula shareholder after the so-called right vesting date of the Company shares, the VWAP of each trading day preceding the ex dividend date will be downward adjusted to reflect such as the expected dividend amount at that point of time) of the Company common shares on the Tokyo Stock Exchange for each of the 10 consecutive trading days that is a weighted average of the amount converted to Australian dollars based on the Japan/Australia exchange rate specified by the Reserve Bank of Australia on each of such trading days) will change from (a) 10 trading days up to and including the Final Mitula Shareholder Record Date (defined below) to (b) 10 trading days up to and including December 7, 2018.
- If the Company Share Valuation for Allotment Ratio Adjustment calculated based on the above period (the "Amended Company Share Valuation for Allotment Ratio Adjustment") multiplied by 0.084336 (which is the maximum allotment ratio agreed under the original SID, the "Allotment Ratio") (the "Company's

Stock Consideration Value”) is lower than AUD 0.80, the additional cash in the amount equal to such difference (rounded off to the third decimal points) will be paid to the Stock-receiving Mitula Shareholders (defined below) for each Stock Consideration Mitula Share (defined below). However, if the total of such cash payable exceeds AUD 10 million, the additional cash in the amount equal to AUD 10 million *divided by* the total number of the Stock Consideration Mitula Shares (rounded off to the third decimal points) will be paid to the Stock-receiving Mitula Shareholders for each Stock Consideration Mitula Share.

- The above amendments are subject to the conditions that (i) the Company’s Stock Consideration Value is lower than AUD 0.80 and (ii) approvals have been obtained by the governmental agency including Australian Securities and Investments Commission (“ASIC”) or the court in relation to the implementation of the Cash Top-Up as agreed in the Second SID Amending Deed without delay in the schedule of the Scheme of Arrangement, and if these conditions are not satisfied, the above amendments will not be made. Also, the amendments are on the condition that the Proposal for Amendment is approved at the Company’s annual meeting of shareholders, and if the Proposal for Amendment is denied, the above amendments will not be made.
- If the above amendments are not made, the Cash Top Up will not be applied and the period to calculate the Company Share Valuation for Allotment Ratio Adjustment will remain as 10 trading days up to and including the Final Mitula Shareholder Record Date.

In terms of the background and significance of the Acquisition, please refer to the May 9 Publication.

### **3. Method and Consideration of Acquisition**

#### **(1) Method of the Acquisition**

There is no particular change in the method of the Acquisition by the execution of the Second SID Amending Deed.

The Acquisition will be a transaction for the purpose of acquiring all of the Mitula Shares and in which Mitula will become a wholly-owned subsidiary of the Company by means of a scheme of arrangement under the Australian Corporations Act. A scheme of arrangement, which will be used in the Acquisition, is a procedure for uniformly changing the capital structure of a company through the approval of a shareholders meeting and court approval rather than by individual agreement with shareholders and other relevant parties, and in the case of the Acquisition, it will be possible to acquire 100% of the Mitula Shares by obtaining the approval of a Mitula shareholders meeting and the approval of an Australian court. The approval of this scheme of arrangement by a meeting of Mitula shareholders will require approval by a majority of the present and voting shareholders holding at least 75% of the total number of votes.

#### **(2) Consideration for the Acquisition**

There is no particular change in using the Company common shares as the Stock Consideration and cash as the considerations for the Acquisition by the execution of the Second SID Amending Deed.

As announced in the May 9 Publication and the October 22 Publication, in principle, any Mitula shareholder listed in the shareholder register at 7pm on October 24, 2018 (Melbourne, Victoria time) (the “Cut-off Date for Cash Consideration”) and at the final shareholder register (the “Final Mitula Shareholder(s)”) on the record date when the Mitula shareholders entitled to receive the consideration for the scheme of arrangement will be determined (the “Final Mitula Shareholder Record Date”) will receive the cash consideration for the Mitula Shares owned by the shareholder (but only for the lower of 20,000 shares or the number of shares owned at the Cut-off Date for Cash Consideration (the “Number of Eligible Shares for Cash Consideration”)) and will receive the Stock Consideration for the shares that exceed the Number of Eligible Shares for Cash Consideration. The Final Mitula Shareholders who perform the prescribed procedure within the prescribed period (the “Stock Consideration Election Procedure”) may elect to receive the Stock Consideration for all of their own Mitula Shares.

Among the Final Mitula Shareholders who own only a small number of Mitula Shares, there could be a considerable number who do not wish to continue investing in the Company common shares following the Acquisition and will seek to immediately convert the granted Company common shares into cash, so the Company has set this by considering the distribution of Mitula shares at the execution date of the original SID to make it possible for such individuals to receive the consideration for the Acquisition directly in the form of cash and avoid having to open a securities account in accordance with the book-entry transfer system in Japan. Also, the Cut-off Date for Cash Consideration was set pursuant to the discussion with the ASIC in relation to its review of draft of the Scheme Booklet. In the event that the Scheme of Arrangement is implemented, AUD 0.80 per Mitula Share will be paid to Mitula Shareholders as the cash consideration.

In the event that the Scheme of Arrangement is implemented, (A) the number of the Company common shares (rounded down to the nearest whole number) that is equal to the number of Mitula Shares that each Final Mitula Shareholder owns on the Final Mitula Shareholder Record Date multiplied by the Allotment Ratio will be provided to each Final Mitula Shareholder who performed the Stock Consideration Election Procedure within the prescribed period, and (B) the number of the Company common shares (rounded down to the nearest whole number) that is equal to the number of Mitula Shares that each Mitula Shareholder owns on the Final Mitula Shareholder Record Date subtracted by the Number of Eligible Shares for Cash Consideration and then multiplied by the Allotment Ratio will be provided to each Final Mitula Shareholder who did not perform the Stock Consideration Election Procedure and owns the Mitula Shares number of which exceeds the Number of Eligible Shares for Cash Consideration on the Final Mitula Shareholder Record Date (the Final Mitula Shareholders who will receive the Company common shares under (A) or (B) shall be collectively referred to as the “Stock-receiving Mitula Shareholders” and Mitula Shares that are subject to Stock Consideration and are owned by Mitula shareholders shall be referred to as the “Stock Consideration Mitula Shares”). With regard to any fractional share that is rounded off in the calculation of (A) or (B) above, no consideration will be provided in the place of such fractional share.

However, if the Conditions for Amendment are satisfied, as described in “2. Background of the Latest Amendment” above, in addition to the Company common shares calculated pursuant to the above, the cash consideration in the amount equal to the difference between the Stock Consideration Value and AUD 0.80 per a Stock Consideration Mitula Share (rounded off to the third decimal points) will be paid to the Stock-receiving Mitula Shareholders as the Cash Top-Up; provided that if the total amount of the Cash Top-Up to be paid to each Stock-receiving Mitula Shareholder based on the calculation above exceeds AUD 10 million, the amount to be paid to each Stock-receiving Mitula Shareholder as the Cash Top-Up per a Stock Consideration Mitula Share will be an amount equal to AUD 10 million divided by the total number of Stock Consideration Mitula Shares (rounded off to the third decimal points).

### **(3) In-kind Contribution**

It has been approved by the extraordinary meeting of shareholders on June 28, 2018 that in order to provide the Stock Consideration, the Company will issue up to 18,514,334 Company common shares subject to the Acquisition receiving the approval of a Mitula shareholders meeting and the approval of an Australian court, etc. and the number of shares to be issued is the sum of the number of the Company common shares that each Stock-receiving Mitula Shareholder will receive in accordance with the above.

Provided, however, that if Conditions for Amendment are satisfied and the Cash Top Up is applied, description of the in-kind contribution of the subscription requirements approved by the extraordinary meeting of shareholders on June 28, 2018 will change since the part of Mitula Shares will be acquired in exchange for additional cash consideration and the number of Mitula Shares subject to the in-kind contribution will decrease accordingly. To be more precise, the in-kind contribution to be contributed in exchange for the issuance of the Company common shares will be the number of Mitula Shares that is equal to the number of such issued shares *divided by* the Allotment Ratio *multiplied by* the Stock Consideration Ratio (defined below).

“Stock Consideration Ratio” will be the greater amount calculated based on the formula (a) or (b) below:

$$\text{(a) Stock Consideration Ratio} = \frac{\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336}{\text{AUD 0.80}}$$

$$\text{(b) Stock Consideration Ratio} = \frac{\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336}{(\text{Amended Company Share Valuation for Allotment Ratio Adjustment} \times 0.084336) + (\text{AUD 10 million} \div \text{the total number of Stock Consideration Mitula Shares})}$$

#### **(4) Allotment Ratio**

If the Conditions for Amendment are satisfied, for the determination of numbers of common shares to be issued by the Company as the Stock Consideration, 0.84336 will be used as the Allotment Ratio. Provided, however, that if the Cash Top Up is applied, in essence, the Company common shares number of which equal to 0.084336 *divided by* the Stock Consideration Ratio will be allotted per a Mitula share being an in-kind contribution since the number of Mitula shares being an in-kind contribution will decrease in accordance with the Stock Consideration Ratio.

#### **4. Treatment when the Proposal for the annual meeting of shareholders is Withdrawn, Denied or Approved**

The agreed terms in the Second SID Amending Deed will be applied only if the Conditions for Amendment are satisfied.

Therefore, if, on the date of the Company's annual meeting of shareholders, (1) the Stock Consideration Value is lower than AUD 0.80 or (2) approvals have not been obtained by the governmental agency including ASIC or the court in relation to the implementation of the Cash Top-Up as agreed in the Second SID Amending Deed without delay in the schedule of the Scheme of Arrangement, the Proposal for Amendment will be withdrawn, and the Extraordinary Shareholders Meeting Approved Proposal will not be amended and, if the Acquisition is implemented, the Company will issue the Company common shares as the Stock Consideration for the Acquisition pursuant to the Extraordinary Shareholders Meeting Approved Proposal.

If the Proposal for Amendment is denied, the Extraordinary Shareholders Meeting Approved Proposal will not be amended and, if the Acquisition is implemented, the Company will issue the Company common shares as the Stock Consideration for the Acquisition pursuant to the Extraordinary Shareholders Meeting Approved Proposal.

On the other hand if the Proposal for Amendment is not withdrawn and is approved at the annual meeting of shareholders, the Extraordinary Shareholders Meeting Approved Proposal will be amended in accordance with the Proposal for Amendment, and if the Acquisition is implemented, the Company will issue the Company common shares as the Stock Consideration for the Acquisition pursuant to the Proposal for Amendment.

**5. Calculation basis of the Consideration for this Acquisition**

The Company carried out the following verification (the “Verification”) with respect to the reasonableness of the consideration and the Allotment Ratio for the Acquisition based on the assumption that the Acquisition will be implemented in accordance with the Second SID Amending Deed and the Cash Top Up is applied (the “Latest Amendment”).

**(1) Method of the Validation Procedure**

The Company retained KPMG FAS Co., Ltd. (“KPMG”), a third-party appraiser that is independent from the Company and Mitula to recalculate the consideration and share exchange ratio for the Acquisition based on the assumption of the Latest Amendment. To ensure the fairness and reasonableness of the consideration and share exchange ratio for the Acquisition based on the assumption of the Latest Amendment, the Company received submission of the calculation results from KPMG on November 9, 2018.

The Company has not obtained a fairness opinion from a third-party appraiser.

**(2) Details of the calculation**

KPMG performed its valuation of Mitula by using the market share price method because Mitula is listed on the Australian Securities Exchange and there is a market share price, the comparable company analysis method because there are multiple listed companies that are comparable to Mitula and the share value can be extrapolated from such comparable companies, and the DCF method to reflect future business activities in the valuation. The calculation results of the share value per Mitula Share according to each method are as follows:

(AUD)			
Method used	Share value per Mitula Share		
Market share price method (Reference Date (1))	0.43	~	0.50
Market share price method (Reference Date (2))	0.64	~	0.70
Comparable company analysis method	0.86	~	1.38
DCF method	0.77	~	0.95

Under the market share price method, the calculation reference dates were set at May 8, 2018 (the “Reference Date 1”) and November 9, 2018 (the “Reference Date (2)”) and the value of Mitula shares was calculated using the closing price of Mitula common shares on the Australian Securities Exchange on each Reference Date, the simple average of the closing prices for the 1-month period preceding each Reference Date, the simple average of the closing prices for the 3-month period preceding each Reference Date, and the simple average of the closing prices for the 6-month period preceding each Reference Date, and based on these results, the share value per Mitula share was calculated to be 0.43 ~ 0.50 AUD for Reference Date (1) and 0.64~0.70 AUD for Reference Date (2).

Under the comparable company analysis, by comparing the financial metrics (e.g., market share price, profitability) of Mitula and comparable listed companies, the share value per Mitula share was calculated to be 0.86~1.38 AUD.

Under the DCF method, the value of Mitula shares was calculated by discounting future free cash flows to the present value at a certain discount rate, based on the information that was provided by the Company, part of which provided by Mitula to the Company. The perpetuity growth method was used to calculate the going concern value. Based on this result, the share value per Mitula share was calculated to be 0.77~0.95 AUD. The business plan for Mitula that was assumed for the calculation under the DCF method by KPMG includes fiscal years that forecast a significant fluctuation in profit. This is mainly reflecting forecasted expansion of countries where Mitula develops its business, increase of advertisement revenue by strengthening relations with advertisers, and increase in fee income due to improvements in Mitula Group sites. KPMG has conducted interviews regarding this issue through the Company. In addition, the concerned business plan does not reflect the execution of the Acquisition.

KPMG performed its valuation of the Company by using the market share price method because the Company is listed on the First Section of the Tokyo Stock Exchange, the market capitalization is large compared with the market capitalization scale of Mitula, and its liquidity is also high. Therefore, for the purpose of calculating the market share value of the Company as consideration for share exchange, it was determined that adequate and appropriate results would be obtained by applying the market share price method.

Under the market share price method, the calculation reference date was set at November 9, 2018 and the value of the Company shares was calculated using the closing price of the Company common shares on the First Section of the Tokyo Stock Exchange on the Reference Date, the simple average of the closing prices for the 1-month period preceding the Reference Date, the simple average of the closing prices for the 3-month period preceding the Reference Date, and the simple average of the closing prices for the 6-month period preceding the Reference Date.

The calculation results of the share exchange ratio that is based on the calculation results according to each method and where the per-share value of the Company common shares is set at 1 are as follows:

Method used	Calculation results of the share exchange ratio		
Market share price method (Reference Date (1))	0.036868	~	0.045488
Market share price method (Reference Date (2))	0.067976	~	0.088556
Comparable company analysis method	0.091379	~	0.174112
DCF method	0.082004	~	0.119811

When performing the calculation above, KPMG generally relied on the information provided by the Company as well as publicly available information. KPMG assumed that as such materials and information are accurate and complete and that there are no facts that have not been disclosed to KPMG and that may have a material effect on its calculation, and has not independently verified their accuracy and completeness. It also has not performed any independent valuation, appraisal, or evaluation of a hired third party to perform any appraisal or evaluation of the assets or liabilities (including contingent liabilities) of these companies and their affiliates, including any analysis or valuation of each individual asset or liability. KPMG's calculation of the allotment ratio reflects the information and economic conditions up to November 9, 2018 and assumes that the financial projections by the companies were reasonably considered or prepared based on the best projections and judgment that the management of the companies could make at this time. The calculation results submitted by KPMG does not express any opinion regarding the fairness of the price or allotment ratio for the Acquisition.

The Company has confirmed the reasonableness of KPMG's calculation results by receiving an explanation from KPMG regarding the valuation method, assumptions, and calculation process for the value of the companies' shares in the Acquisition.

### **(3) Results of the Validation Procedure**

The Company carefully conducted consultations and examination based on comprehensive consideration of the calculation results submitted by KPMG, the financial position, performance trend and share price trend of the Company and Mitula, the purpose, content, conditions and effect of the Latest Amendment, and consultations with Mitula. As a result, the Company judged that, as stated in (2) Details of the calculation above, (i) the cash consideration of AUD 0.80 per Mitula Share, (ii) the Stock Consideration price of AUD 0.85, and the Allotment Ratio are still valid. The Company also judged that, given that the Latest Amendment is a mechanism by which if the Company Share Valuation is less than AUD 0.80, the Company will compensate the difference in cash, even if such cash compensation is paid, the value of consideration for the Acquisition will not exceed AUD 0.80. Moreover, the Company judged that agreeing the Latest Amendment with Mitula will facilitate the Acquisition and early realization of the synergies expected from the Acquisition and that it is in the interests of its shareholders.

In light of these examination results, the Company reached an agreement on the Latest Amendment with Mitula based on a resolution passed at a meeting of the Company's Board of Directors on November 19, 2018.

### **(4) Measures to ensure fairness**

The Company retained KPMG, a third-party appraiser that is independent from the Company and Mitula, to recalculate the value of the Mitula Shares and the allotment ratio and has received the results of its analysis. As noted above, because the Company common shares that will be the consideration for the Acquisition will be issued as non-monetary consideration, pursuant to Article 207(9)(iv) of the Companies Act, the Company is planning to reobtain a certificate from Mr. Naomichi Yamamoto, an attorney and certified public accountant, stating that "the value in Article 199(1)(iii) of the Companies Act is reasonable," and no investigation will be performed by the inspector.

The Company has not obtained a fairness opinion from a third-party appraiser.

### **(5) Measures to avoid conflicts of interest**

N/A